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Faculty Working Papers

**NEGOTIATED COMMISSIONS AND THE THIRD
MARKET**

Frank K. Reilly

#429

**College of Commerce and Business Administration
University of Illinois at Urbana-Champaign**

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August 28, 1977

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The original title of the book was "The Story of the Great War in Pictures".

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1. *Leucosia* *leucostoma* *leucostoma* *leucostoma* *leucostoma* *leucostoma* *leucostoma*

10. *Leucania* *luteola* (Hufnagel) *luteola* Hufnagel, 1823.

AMERICAN BANKERS ASSOCIATION
WASHINGTON, D.C.

Fig. 1. The effect of NaCl concentration on the O_2 uptake by *S. enteritidis*.

$$y \rightarrow e^{\frac{2\pi i}{\lambda} y}$$

Abstract

NEGOTIATED COMMISSIONS AND THE THIRD MARKET

The fixed commission structure on the NYSE has changed dramatically during the 1970's culminating in completely negotiated commissions in May, 1975. Because the third market prospered with fixed commissions it is important to determine what has happened to this market since the commission structure changed. The results reported here indicate the prophets of doom have been correct so far, but there are signs of stability.

NEGOTIATED COMMISSIONS AND THE THIRD MARKET*

Frank K. Reilly**

INTRODUCTION

From the day of its founding in 1792 until the 1960's, the New York Stock Exchange (NYSE) had an established policy of minimum commissions which its members could charge customers for the execution of orders of all sizes on the Exchange. In December, 1968 the schedule was slightly modified to allow quantity discounts to very large orders. In the 1970's, at the behest of the SEC, the principle of minimum commissions was gradually eliminated. Specifically, in April, 1971 the commissions on all orders over \$500,000 became negotiated. Subsequently, in April, 1972 the commission on all orders over \$300,000 became negotiated. Finally, on May 1, 1975 ("May Day"), the minimum rate structure was abolished entirely--commissions on all trades became fully negotiated.

Prior to May Day there were extensive discussions of the potential effect this change in commission structure would have on various segments of the securities industry. A major concern was the effect of this change on the "Third Market." The third market is the trading of listed securities on the over-the-counter market by non-member brokerage firms. Observers were concerned for the third market because this segment of the industry had experienced rapid growth and prosperity during the latter half of the 1960's and the early 1970's at the expense of the NYSE simply because of the minimum commission schedule. Specifically, the third market grew because there

*The author acknowledges the comments by Donald Weeden, the assistance of Young Kim, Ron Peterson, and especially Paul Skelton, and the use of the computer facilities at the University of Illinois.

**Professor of Finance, University of Illinois at Urbana-Champaign.

1. Introduction

Three-dimensional geometry is concerned with three-dimensional objects and their properties. It is a branch of mathematics that deals with the study of three-dimensional shapes, such as cubes, spheres, and pyramids. Three-dimensional geometry is used in many fields, including engineering, architecture, and physics. It is also used in computer graphics and animation.

The basic concepts of three-dimensional geometry include points, lines, planes, and solids. A point is a location in space, represented by a dot. A line is a one-dimensional figure, represented by a straight path. A plane is a two-dimensional surface, represented by a flat surface. A solid is a three-dimensional object, represented by a volume.

Three-dimensional geometry is based on Euclidean geometry, which was developed by the ancient Greek mathematician Euclid. Euclidean geometry is a system of axioms and postulates that describe the properties of points, lines, and planes. The most important postulate in Euclidean geometry is the parallel postulate, which states that through a given point not on a line, there is exactly one line parallel to the given line.

Three-dimensional geometry is often studied using coordinate systems. A coordinate system is a way of representing points in space using three dimensions: length, width, and height. The most common coordinate system is the Cartesian coordinate system, which uses a horizontal axis (x-axis), a vertical axis (y-axis), and a diagonal axis (z-axis) to represent the three dimensions of space.

Three-dimensional geometry is a complex field of study, but it is an essential part of mathematics and science. It is used to solve problems in many different areas, from engineering to physics to computer graphics. By understanding three-dimensional geometry, we can better understand the world around us and the objects that make up our environment.

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was an increase in the trading by institutions and the commission charge for large trades on the third market was substantially lower than the cost on the NYSE with its minimum commission schedule that did not adequately allow for the economies of scale in trading. These large trades included "blocks" (10,000 shares or more), but also included many orders by institutions of under 10,000 shares. In addition, the market-making by dealers on the third market improved substantially over time in terms of the depth and liquidity of the markets for stocks with active institutional following. Finally, the third market benefitted because third market trades were not reported on the tape. This lack of publicity was considered desirable by some institutions buying or selling a block--especially if they were contemplating a subsequent transaction. In summary, the third market experienced substantial growth since 1965 for three reasons, the greatest of which was the lower commission costs. The question of concern then was, what would be the effect of fully negotiated rates on the third market since the market would lose its greatest advantage? In addition, the third market lost its secrecy advantage in June, 1975. At that time the consolidated tape that reported trades for all stocks on the NYSE was implemented and includes third market trades. Therefore, many observers have hypothesized that third market volume would decline as a percent of NYSE volume.¹

In contrast to the prophets of doom, conversations with institutional portfolio managers following the change indicated that the outlook may not be as bad as initially expected. It was contended that commission charges on the third market were "competitive" with the negotiated rates on the exchanges and the market-making by third market dealers was quite good in

¹An article that briefly discusses this point as applied to a major third market dealer is, Pamela Archbold, "What Weeden Is Doing to Survive," Institutional Investor, Vol. 8, No. 11 (November, 1974), p. 51.

and regional noise sources, and the possible effects of seismic waves on the environment. The report also includes recommendations for further research and monitoring.

The report concludes that the seismic activity observed in the area is likely to be of natural origin, possibly related to tectonic processes or volcanic activity. It also notes that the seismic events are generally small and do not pose a significant threat to public safety or infrastructure. The report recommends that further research be conducted to better understand the causes of seismic activity in the region, and that appropriate measures be taken to mitigate any potential risks.

The report also highlights the importance of maintaining a strong seismic monitoring system to ensure early detection of any significant seismic events. It emphasizes the need for continued research and monitoring to improve our understanding of seismic activity and its potential impacts on the environment and society.

Overall, the report provides a comprehensive overview of seismic activity in the region, and makes recommendations for further research and monitoring.

terms of liquidity and depth. One might also be encouraged by a study of the effect of the change in NYSE fee structure in December, 1968.² Specifically, in December, 1968 the NYSE revised its fee structure to permit discounts for large block trades. The analysis by Fredman and Johnson indicated no adverse effects on the percent of trading on the third market. In fact, the percent of trading on the third market was substantially higher a year after the change.

Given the importance of the third market to the total capital market complex and the differing opinion regarding the effects of negotiated commissions, this study examines the recent history of the third market since data became available in 1965 to the present. The emphasis is on the periods surrounding the changes in commission rates since 1971: April, 1971; April, 1972; and May, 1975.

THIRD MARKET COMPARED TO TOTAL NYSE VOLUME

Table 1 contains figures that indicate the ratio of third market volume in NYSE listed stocks to total NYSE volume (share volume and dollar value of trading), from the beginning of 1965 through the fourth quarter of 1976. These data are reported quarterly in the SEC Statistical Bulletin. A time series plot of the two series is contained in Figure 1.

Notably, the percent of trading in dollar terms is always larger than the share percent. This is because the bulk of trading on the third market is in stocks with institutional interest and the prices on these institutional stocks are above the average price of all stocks on the NYSE.

²Albert J. Fredman and Clarke C. Johnson, "Effect of New NYSE Fee Structure on the Third Market," Financial Executive, Vol. 38, No. 10 (October, 1970), pp. 18-23.

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to provide such experience in the claim set. Also, bar virtuous or even
mischievous. "Model" addressed in comments not RAYC but consider also results of
not administered during or during and post delivery RAYC and RDCI treatment of
patients by both hospital and home based treatment as evidence that patients should expect
improved life expectancy and quality of life among those who undergo treatment in addition to
other health issues. Rapidly increasing incidence of patients with AIDS and HIV
infection.

Speaking further, Dr. John C. H. Lee, Department of Medicine,
University of California at San Francisco, California, spoke of his experience with
acute pancreatitis and said he found that all odd numbered patients had acute pancreatitis
and all even numbered patients did not have acute pancreatitis. However,
he noted that the odd numbered patients had a higher incidence of hepatitis.

Acute Pancreatitis - Dr. John C. H. Lee

ODD NUMBERED PATIENTS HAD ACUTE PANCREATITIS

Speaking further, Dr. John C. H. Lee, Department of Medicine, University
of California at San Francisco, California, spoke of his experience with RAYC and
acute pancreatitis. He reported that all odd numbered patients had acute pancreatitis and
all even numbered patients did not have acute pancreatitis. However,
he noted that the odd numbered patients had a higher incidence of hepatitis.
Odd numbered patients had hepatitis and even numbered patients did not have hepatitis and
had hepatitis. He recommended that patients with hepatitis should be treated with
antibiotics and that patients with hepatitis should be treated with vidarabine
because they are patients by which we can remove all of their hepatitis and
treat them. He recommended that patients with hepatitis should be treated with
vidarabine and he expects that the long term survival will be made out as

Acute Pancreatitis - Dr. John C. H. Lee

and RAYC will be helpful in reducing the incidence of hepatitis in the RIA
region of the United States. Dr. John C. H. Lee, Department of Medicine, University of California at San Francisco, California

The three quarters of interest (2/71;2/72;2/75) are starred in the table and there are arrows on the chart. The first change to negotiated rates came during the second quarter of 1971 and apparently had little or no effect. Specifically, the percent of trading on the third market continued to increase steadily during the subsequent two quarters. There was a small decline during the third quarter followed by an increase. Clearly, the percent of trading on the third market a year after the commission change was substantially higher than during the quarter of the change (i.e., 7.8 percent versus 6.8 percent in shares and 9 percent versus 7.9 percent in dollar value of trading). These results are consistent with those reported by Fredman and Johnson.

The second change came during the second quarter of 1972 and apparently had little or no initial effect. During the quarter of the change the percent of trading on the third market increased and the percent rose again during the following quarter. The figures indicate a delayed effect because the percent of trading dropped drastically during the fourth quarter of 1972. There was a small recovery (in share percent) during the first quarter of 1973, followed by steady declines during the subsequent two quarters. Overall, it appears the second change in the commission structure had a delayed effect, but the effect was clearly detrimental to the relative trading activity on the third market.

The third and final change in the commission structure came during the second quarter of 1975. During the quarter of the change both the share and dollar ratios increased slightly. For the subsequent three quarters the ratios declined steadily followed by a small recovery during 2/76 and then further declines. By the fourth quarter of 1976 the share ratio was below

and the author of *Wormwood* (1911) remained in the group until 1914, when he moved to Paris. The following year he returned to New York, where he wrote his first book, *The Great War in America* (1915). In 1917 he became a member of the American Red Cross and served as a medical officer in France during World War I. After the war he returned to New York City, where he taught at Columbia University and later at New York University. He was a member of the American Society of Authors and a fellow of the American Academy of Arts and Sciences.

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and the first two structures in parentheses are the subject of the sentence below. In the next section, we will see how the subject and predicate are related to the verb.

4 percent and the dollar ratio was below 5 percent. Therefore, it appears that the final change in the commission structure continued to have an adverse effect on the third market as shown by its relative volume that declined to its lowest point since the fourth quarter of 1968.

In summary, the analysis of trends in third market volume as a percent of NYSE volume indicates that the initial change to negotiated rates on trades above \$500,000 had no effect on the third market. In contrast, the second change to negotiated commissions on trades over \$300,000 had a delayed effect, but the ultimate effect appeared to be adverse to the third market and the impact was substantial. Finally, this adverse impact continued after the change to fully negotiated commissions.

THIRD MARKET COMPARED TO INSTITUTIONAL TRADING

As noted earlier, the bulk of trading on the third market is by institutions. Therefore, in addition to an analysis of third market trading compared to total NYSE volume, it seems appropriate to consider third market trading relative to the trading by its major customers--i.e., the institutions. This analysis is in two parts. The first part compares third market volume to block trading volume while the second part compares the dollar value of trading on the third market to the dollar volume of purchases and sales by institutions.

Third Market Relative to Block Trading

Table 2 contains the ratio of third market share volume to block share volume on the NYSE. The subsequent column reports third market dollar volume to the dollar volume of block trading on the NYSE. The trend in the ratio is of interest because most third market trading is by institutions and likewise almost all block trading on the NYSE is by institutions.

the first quarter of 1990, the company had a net loss of \$1.3 million. The company's cash position was \$1.2 million at December 31, 1990. The company's cash position was \$1.2 million at December 31, 1990.

УКАЗЫ ПАРТИИ И СОВЕТА МИНИСТРОВ РСФСР

already showed us before, was due to the fact that the first
million we have paid has been spent on the construction of the
new bridge, which will be completed in about two months.
The new bridge will be much stronger and more durable than
the old one, and it will greatly facilitate the movement of
people and goods across the river.

Again, the dollar ratios are consistently higher than the share ratios which indicates that third market trading is generally in higher priced shares than the average price of shares included in block trades on the NYSE. Notably, the spread has been narrowing over time although the series are always parallel.

The figures in Table 2 and the time series plot of the two series contained in Figure 2 indicate a dramatic decline in the ratio during the period 1965 to the beginning of 1969. An analysis of the individual series indicates that this decline was not due to a lack of growth in third market volume, but was caused by a dramatic growth in block trading. Specifically, during the period 1965 to 1969, third market trading increased about 350 percent, but block trading increased over 1,000 percent.

An examination of the period following the first change in 1971 indicates no adverse effects for the third market--both ratios are higher during the second quarter of 1972 than the second quarter of 1971. Following the second change in 1972 there was a definite effect as the ratios declined steadily for the next three quarters followed by an increase and then another decline. There were two increases (in 4/73 and 1/74) again followed by a series of steady declines through the first quarter of 1975. Interestingly, there was a small increase during the second quarter of 1975 when the final change came. Following the final change to fully competitive rates the ratios declined and finished the year 1976 at the lowest ratio recorded during the total period except for the ratio during the third quarter of 1976.

In summary, an analysis of third market volume (share and dollar volume) relative to block trading volume on the NYSE generated results that were consistent with the prior analysis of third market volume relative to total trading volume on the NYSE. There was a very sharp decline in the ratio

and can be used to mitigate effects

of the new legislation.

It is recommended that

the new legislation be

delayed until after the 1996 election

and that the new rules

be replaced by rules that are

more consistent with existing

rules and that do not

create unnecessary burdens

on industry.

It is recommended that the new rules

not be adopted until

the new rules are adopted, the

new rules will be

subject to further review and

revision by the

program board of directors

and the new rules

will be revised and

revised by the

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subject to further review and

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during the initial periods in 1965 and 1966 because of the very rapid growth in block trading. An examination of the specific periods surrounding the three major changes in the commission structure indicated no adverse effect following the first change in April, 1971. In fact, the ratios were higher a year later. In contrast, there were clearly adverse effects following the last two changes. Except for three quarters when there were some increases, the ratios declined steadily to end 1976 at the lowest points on the chart. These results were consistent with the results when third market volume was compared to overall NYSE volume.

Third Market Relative to Institutional Purchases and Sales

The SEC has a quarterly series of common stock transactions by selected financial institutions including private noninsured pension funds, open-end investment companies, life insurance companies, and property-liability insurance companies. An analysis of third market dollar volume compared to transactions for this group of institutions should provide another indication of the effect of the change in the commission structure on third market volume as it relates to a major customer of the third market. The figures are contained in Table 2 and a time series plot of the ratio is in Figure 3.

Again, some of the ratios during the early period are heavily influenced by the relative growth rates for the individual series. This caused a major decline in the ratio during 1965 and 1966, and the ratio remained below 9 percent until mid-1969. Subsequently there was a strong increase from the latter part of 1969 to the first quarter of 1971. During the quarter of the initial change in commission structure the ratio declined dramatically. Subsequently the ratio increased and during all of the following four quarters it was much higher than during the quarter of the change.

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the first time in the history of the world, the
whole of Europe, and especially France, were
in a condition to receive a large number of
immigrants from America. The result was
that the United States became the most
populous country in the world. This
was due to the fact that the United States
had a large area of land available for
settlement, and that the government
offered a large amount of land to
immigrants at a low price. The
government also offered a large amount of
money to immigrants who settled in the
United States, and this money was used
to build houses and other buildings.
The government also provided
education and medical services to
immigrants, and this helped to
improve their living conditions.
The government also provided
jobs to immigrants, and this helped to
improve their economic conditions.
The government also provided
transportation facilities to immigrants,
and this helped to improve their
traveling conditions.

The second change during the second quarter of 1972 was followed by a small increase during the third quarter. Subsequently the ratio declined drastically and was below the second quarter, 1972 ratio during the next five quarters.

At the time of the final change (2/75), the ratio was somewhat below the ratio in 1972. The ratio generally declined except for a sharp recovery during 1/76 and ended 1976 at a ratio that prevailed in 1970.

Therefore, after one takes account of the increase of the ratio prior to any of the commission changes, the results are generally similar to the results from the prior two comparisons. Again, the first change appeared to have no effect. In contrast there was a definite decline in the ratio after the second change that generally continued for five quarters. Finally, since "May Day" the ratio has almost always been below the ratio that prevailed during the quarter of the change.

SUMMARY AND CONCLUSION

Summary

The absolute and relative amount of trading on the third market grew steadily from 1965 into 1972. This growth was attributable to lower commissions than on the NYSE because of the fixed commission schedule, secrecy of reporting trades, and good market-making. Notably, the commission advantage declined since 1971 and disappeared in 1975. Also with the introduction of the consolidated tape the secrecy advantage was lost. Therefore some observers have contended that the third market would decline in relative importance.

Three comparisons were made of relative third market volume since 1965 with an emphasis on the periods surrounding the three changes in 1971, 1972, and 1975. The analysis of third market volume relative to NYSE volume indicated that the first change in the commission structure in 1971 had no effect on the relative position of the third market. In fact, the relative volume on the third market increased during the subsequent year. After the second change the effect appeared to be somewhat delayed, but within a couple of quarters the relative volume turned down and continued to decline. Following "May Day" relative volume on the third market continued to decline and ended 1976 at a level about half of its peak ratio in 1972.

Two other comparisons examined third market volume relative to block trades on the NYSE, and relative to total purchases and sales by financial institutions because these two series are indicative of trading by the main customers of the third market. In both cases there were some unusual trends in the ratios during the period 1965-1970 due to differential growth. At the same time, the analysis of both sets of ratios for the periods surrounding the three changes were all the same. Specifically, in all cases there was no adverse affect after the first change, but all ratios of third market volume clearly declined after the last two changes.

Conclusion

It appears that the prophets of doom regarding the third market have been essentially correct thusfar regarding the effect of the commission changes on the third market. The remaining question is whether the decline has possibly ended and a certain amount of stability may return although at a lower rate of relative activity than prevailed during the period prior to the second change in commissions. Specifically, it has been suggested that the initial decline on the third market was because

all of the same address book entry. This means that each entry in the address book is associated with a single contact record. This is a good way to manage contacts because it makes it easy to find and update information about a specific person. It also allows for efficient search and filtering of contacts based on various criteria such as name, email, or phone number.

Another benefit of using an address book is that it provides a central location for managing communication. Instead of having to remember multiple email addresses or phone numbers for different people, you can simply look them up in your address book. This makes it easier to stay organized and keep track of important contacts.

Address books are also useful for managing business contacts. If you work in a sales or marketing role, you likely have a large number of clients and prospects that you need to keep track of. An address book can help you organize this information in a structured way, making it easier to follow up with clients and stay on top of their needs.

Overall, using an address book is a great way to manage your contacts. It provides a central location for managing communication, makes it easy to find and update information about specific people, and helps you stay organized and efficient in your work.

institutions had fewer commission dollars due to the negotiated environment and it was necessary to use these dollars to pay for the research and support provided by firms that were members of the NYSE. Therefore, more business than usual went to the Exchange. It is speculated that eventually the institutions will pay off their commitments to these firms and become more conscious of execution. Put another way, prior to "May Day" the institutions had heavy commitments to a large number of research firms that were paid through NYSE commissions. It is contended that it was a long process to pay off these commitments and reduce the list of firms receiving commission business in return for research. Obviously, only further observations will indicate whether the trough has been reached in this respect. Unfortunately, the reporting of third market data is quite slow--the figures for the fourth quarter of 1976 were not released until the July, 1977 Statistical Bulletin.

TABLE 1

THIRD MARKET SALES AS A PERCENT
OF NEW YORK STOCK EXCHANGE SALES

		No. of SHARES	DOLLAR VALUE			No. of SHARES	DOLLAR VALUE
1st Q	1965	3.1	4.1	1st Q	1973	6.4	7.3
2nd Q		2.8	3.5	2nd Q		5.9	7.2
3rd Q		2.7	3.4	3rd Q		5.3	6.6
4th Q		2.3	2.9	4th Q		5.4	6.6
1st Q	1966	2.5	2.9	1st Q	1974	5.8	7.5
2nd Q		2.4	2.8	2nd Q		5.8	7.8
3rd Q		2.8	2.9	3rd Q		5.0	6.3
4th Q		2.9	3.2	4th Q		4.8	6.3
1st Q	1967	2.7	3.1	1st Q	1975	4.7	5.9
2nd Q		3.0	3.3	*2nd Q		4.9	6.7
3rd Q		3.0	3.5	3rd Q		4.4	5.7
4th Q		3.1	3.4	4th Q		4.4	5.7
1st Q	1968	3.5	3.9	1st Q	1976	3.8	4.4
2nd Q		3.2	3.6	2nd Q		4.1	5.4
3rd Q		3.6	4.4	3rd Q		3.6	4.1
4th Q		4.2	4.7	4th Q		3.7	4.7
1st Q	1969	4.0	4.7				
2nd Q		4.5	5.1				
3rd Q		5.4	5.8				
4th Q		5.7	6.4				
1st Q	1970	6.4	7.2				
2nd Q		5.9	6.9				
3rd Q		6.7	8.5				
4th Q		7.0	8.6				
1st Q	1971	6.3	8.3				
*2nd Q		6.8	7.9				
3rd Q		7.2	8.3				
4th Q		7.8	9.3				
1st Q	1972	7.2	8.6				
*2nd Q		7.8	9.0				
3rd Q		8.3	9.1				
4th Q		6.1	7.4				

*Indicates quarters when changes were made in commission structure.

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RECENT PROGRESS IN THE DEVELOPMENT OF POLY(1,3-PHENYLICARBOXYLIC ACID) AND POLY(1,3-PHENYLICARBOXYLIC ACID-1,4-PHENYLENE) POLYMERS

TABLE 2

THIRD MARKET VOLUME AS A PERCENT OF BLOCK
TRADING VOLUME ON THE NYSE AND PURCHASES
AND SALES BY SELECTED FINANCIAL INSTITUTIONS

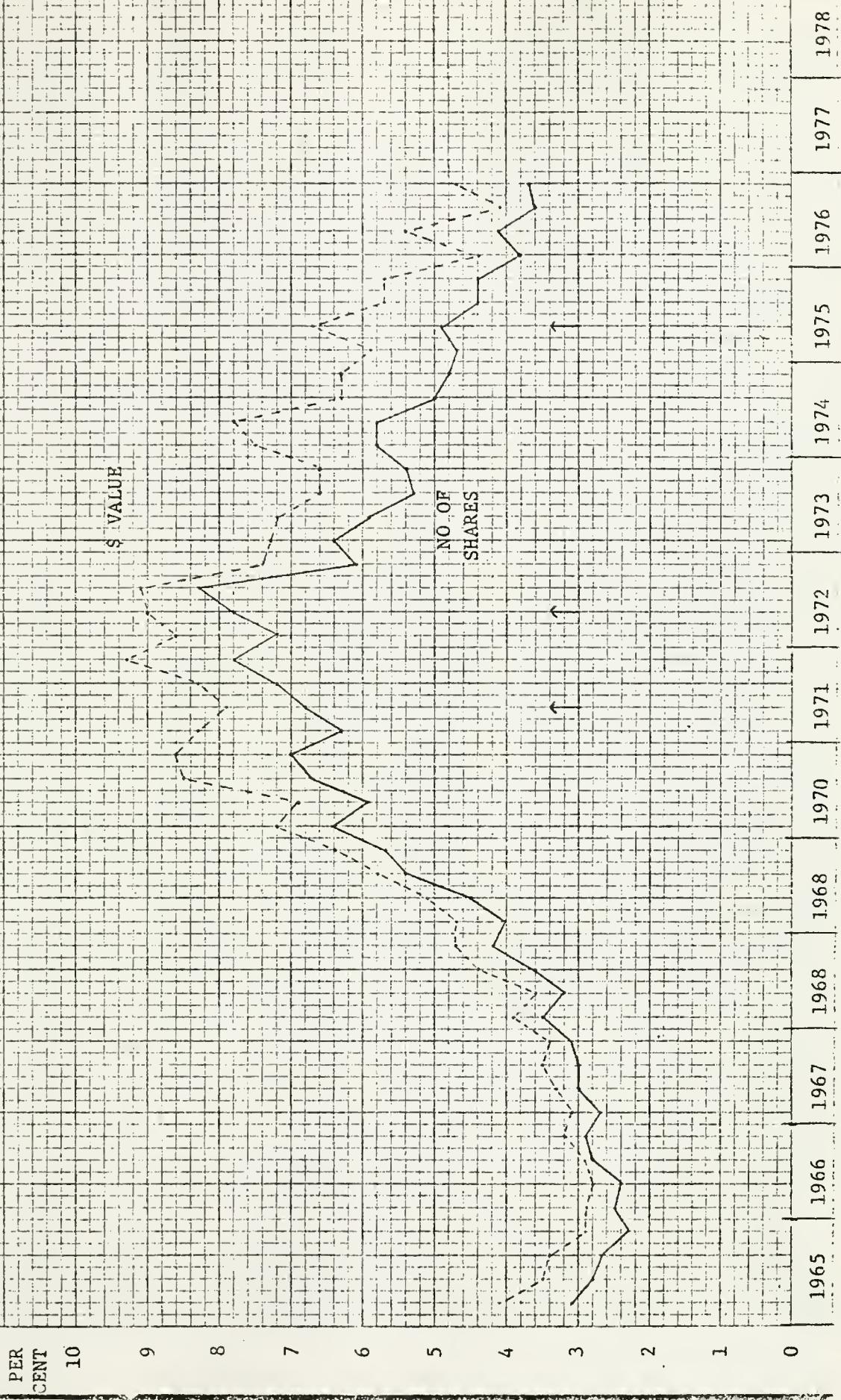
Qtr./Yr.	3rd Mkt. Shs. Blk. Sims. (%)	3rd Mkt. \$ Blk. Sims. (%)	3rd Mkt. % Inst. P & S (%)	3rd Mkt. \$ Inst. P & S (%)	Qty./Yr.	3rd Mkt. % Blk. Sims. (%)	3rd Mkt. \$ Blk. Sims. (%)	3rd Mkt. % Inst. P & S (%)	3rd Mkt. \$ Inst. P & S (%)
1/65	103.6	142.5	12.3	1/71	42.0	53.6	53.0	13.7	13.7
2/65	95.8	121.0	10.8	2/71	41.0	46.2	46.8	12.3	12.3
3/65	95.9	129.6	10.7	3/71	41.4	47.3	47.9	12.9	12.9
4/65	104.8	145.0	10.2	4/71	43.6	50.9	50.9	15.0	15.0
1/66	79.0	110.4	9.7	1/72	42.8	53.0	53.0	14.5	14.5
2/66	68.9	92.9	8.8	2/72	46.8	55.0	55.0	13.5	13.5
3/66	65.2	75.3	8.1	3/72	45.2	53.6	53.6	14.0	14.0
4/66	61.5	73.7	8.5	4/72	35.4	45.4	45.4	12.2	12.2
1/67	51.7	69.9	8.2	1/73	32.0	42.9	42.9	11.3	11.3
2/67	52.9	64.6	8.9	2/73	35.2	54.3	54.3	11.7	11.7
3/67	51.1	64.5	8.7	3/73	30.2	42.4	42.4	11.5	11.5
4/67	43.3	50.5	8.4	6/73	39.0	55.3	55.3	12.2	12.2
1/68	51.4	60.3	9.9	1/74	42.7	64.0	64.0	14.6	14.6
2/68	39.9	45.6	8.5	2/74	38.3	53.5	53.5	12.3	12.3
3/68	40.0	46.9	8.7	3/74	34.7	53.5	53.5	12.6	12.6
4/68	37.0	39.7	9.0	4/74	34.0	52.5	52.5	12.5	12.5
1/69	33.4	39.0	6.3	1/75	28.2	35.2	35.2	11.6	11.6
2/69	34.7	42.7	8.1	2/75	32.3	46.7	46.7	12.4	12.4
3/69	40.0	47.2	9.0	3/75	30.2	41.0	41.0	12.7	12.7
4/69	45.9	54.2	10.4	4/75	25.6	36.2	36.2	10.9	10.9
1/70	45.7	56.8	10.7	1/76	23.4	42.0	42.0	15.3	15.3
2/70	50.0	66.5	11.7	2/76	23.1	22.2	22.2	11.8	11.8
3/70	42.5	57.3	12.1	3/76	15.5	23.3	23.3	10.5	10.5
4/70	48.9	60.9	12.6	4/76	19.7	24.5	24.5	11.0	11.0

Source: SEC Statistical Bulletin; New York Stock Exchange Fact Book.

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FIGURE 1

TIME SERIES PLOT OF THIRD MARKET VOLUME
AS A PERCENT OF NYSE VOLUME
QUARTERLY: 1965-1976



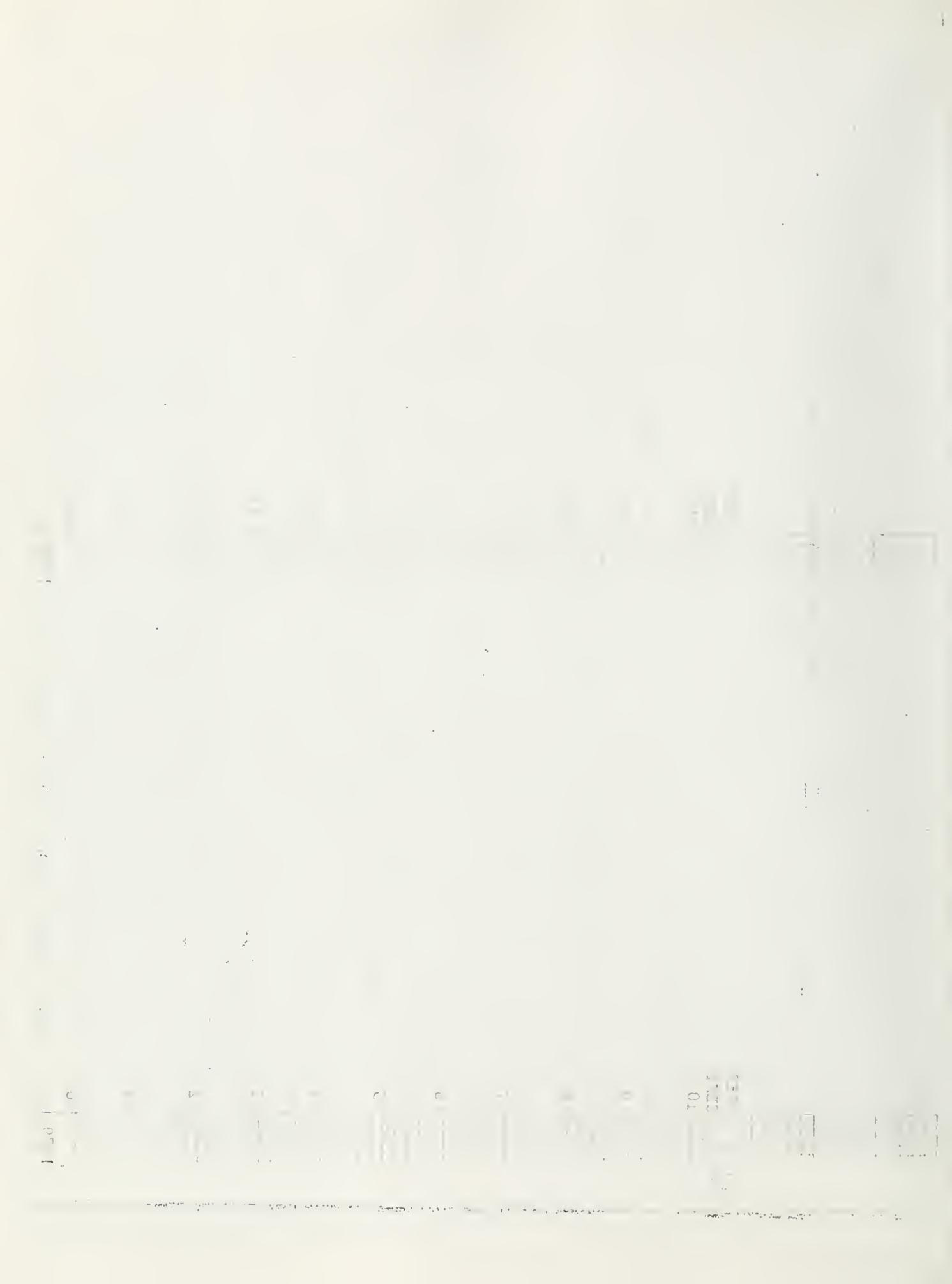


FIGURE 2

TIME SERIES PLOT OF THIRD MARKET VOLUME
AS A PERCENT OF LARGE BLOCK VOLUME ON NYSE
QUARTERLY: 1965-1976

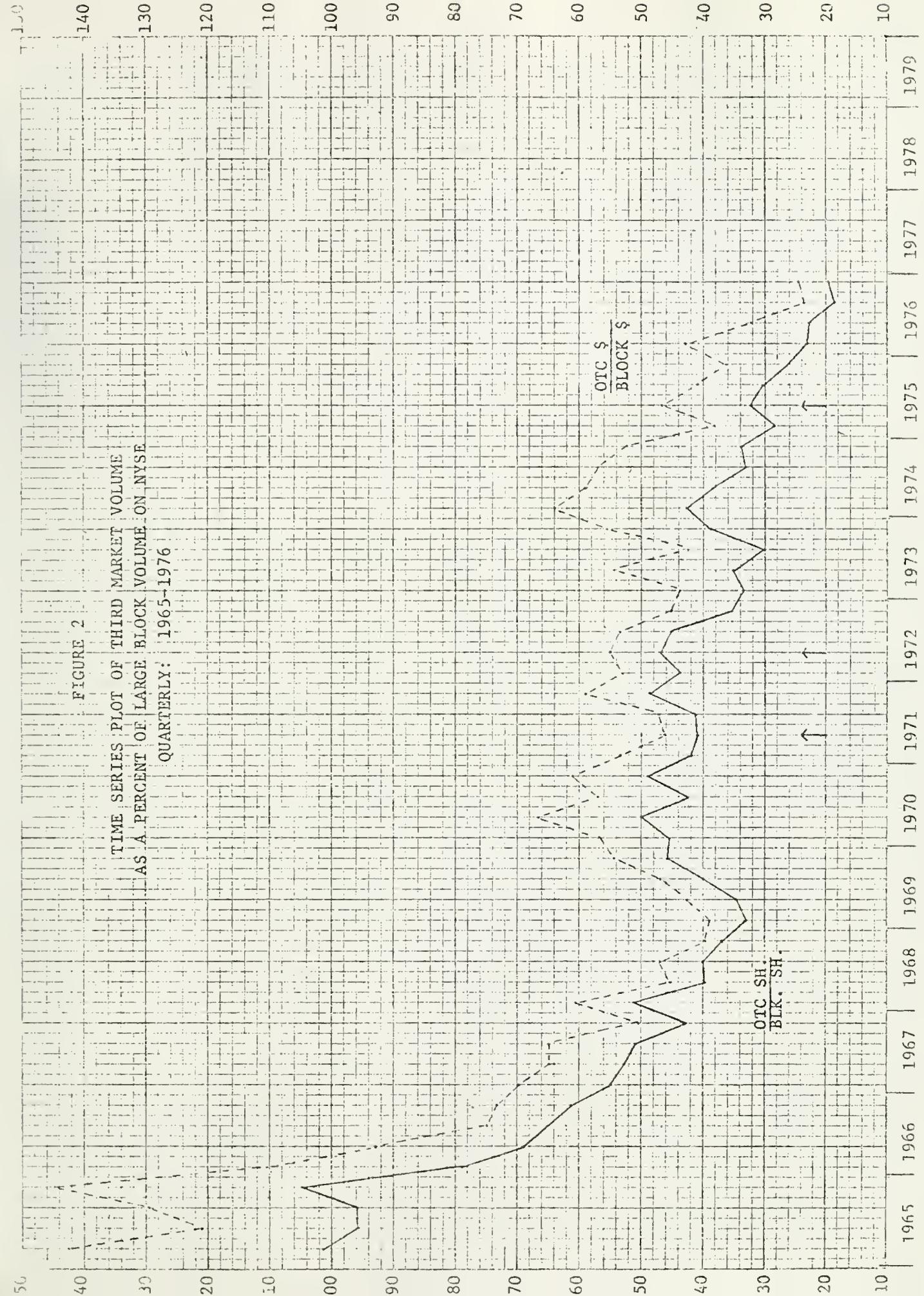
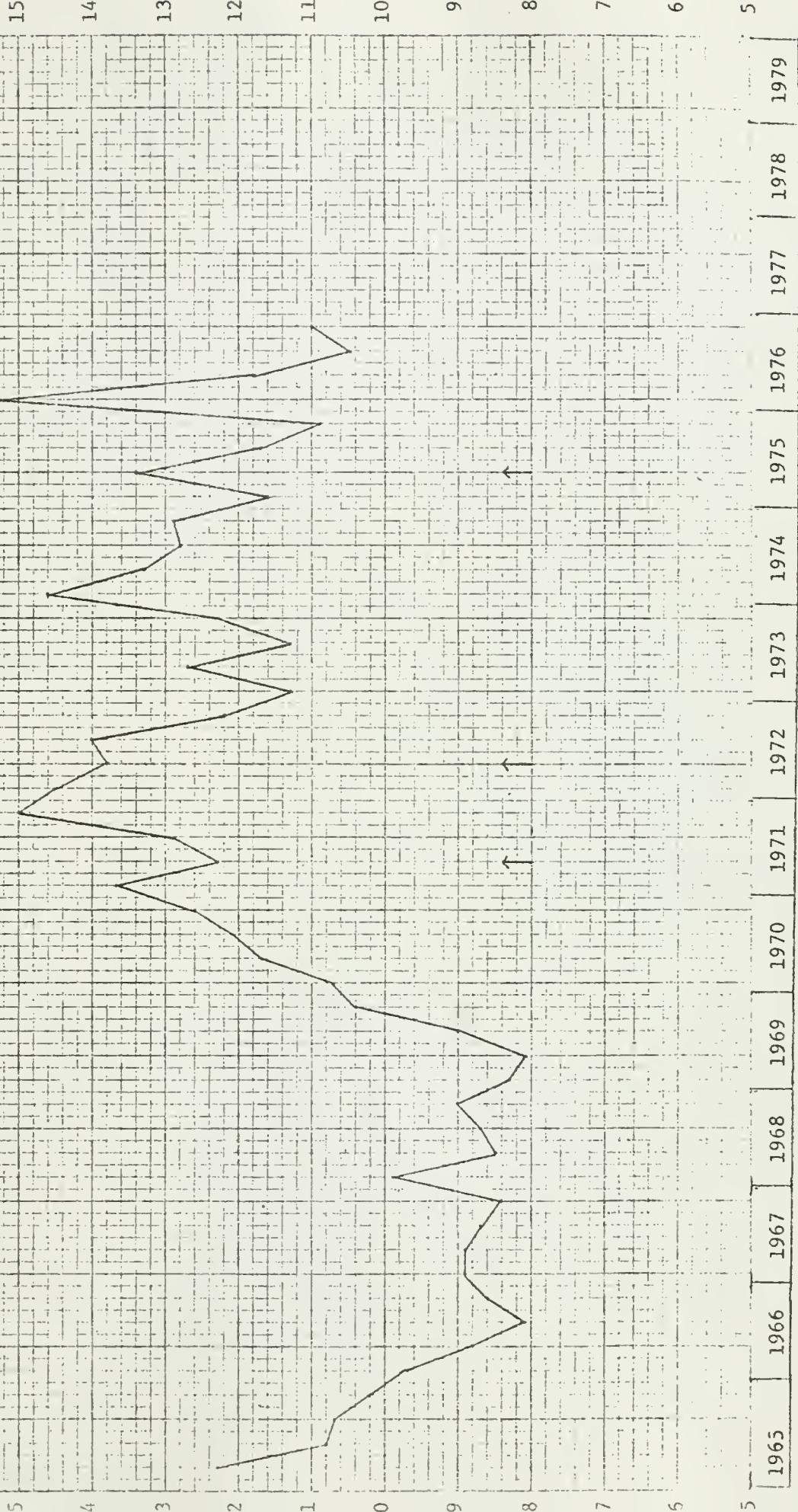


FIGURE 3

TIME SERIES PLOT OF THIRD MARKET DOLLAR
VOLUME AS A PERCENT OF COMMON STOCK
TRANSACTIONS BY SELECTED FINANCIAL INSTITUTIONS
QUARTERLY: 1965-1976





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